

AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, NINETEEN HUNDRED AND EIGHTY-ONE AND FO...

BATAS PAMBANSA BLG. 80, September 11, 1980

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Be it enacted by the Batasang Pambansa in session assembled:

SECTION 1. Appropriation of Funds.—The following sums indicated for programs, projects, activities and key budgetary inclusions, or so much thereof as may be necessary, are hereby appropriated out of any funds in the National Treasury of the Philippines not otherwise appropriated, for the operation of the Government of the Republic of the Philippines from January one to December thirty-one, nineteen hundred and eighty-one except where otherwise specifically provided:

[For the sake of brevity, the itemization under this Section of the funds appropriated for the operation of the Government had been deleted. Please refer to the unabridged version of the pertinent General Appropriations Act for the details.]

GENERAL PROVISIONS

Receipts and Income

SEC. 2. Fees, Charges and Assessments.—All fees, charges, assessments, and other receipts or revenues collected by Ministries, bureaus, offices or agencies in the exercise of their functions, at such rates as may be approved by the Minister concerned, shall be deposited with the National Treasury and shall accrue to the General Fund pursuant to P.D. No. 711: Provided, That certain receipts may be recorded as income of a Special Fund, a Fiduciary or a Trust Fund, or a fund other than the General Fund, when authorized by law and following such rules and regulations as may be issued by a Permanent Committee consisting of the Minister of Finance as Chairman, and the Minister of the Budget and the Chairman, Commission on Audit, as members: Provided, further, That all revenues or income accruing to special accounts in the General Fund may be made available for expenditure subject to the Special Provisions in this Act for the agencies concerned and to Special Budgets required under Section 40 of P.D. No. 1177: and Provided, finally, That whenever practicable and taking into account the cost reduction program of government, when an agency arranges with another government office for fabrication of furniture or equipment, or for computer, printing or other services, the agency rendering such services may assess the requesting agency for the cost of production and services rendered and may utilize the said proceeds, subject to SEC. 40 of P.D. No. 1177, except as herein otherwise provided.

SEC. 3. Revolving Fund.—Receipts derived from business-type activities of Ministries, bureaus, offices or agencies which are authorized by law or by the Special Provisions in this Act to be constituted into a Revolving Fund shall be separately recorded and deposited in an authorized government depository bank, except as may otherwise be determined by the Permanent Committee created under SEC. 51 of P.D. No. 1177, and may be made

available for operational expenses of the said activity of the agency concerned, subject to the conditions prescribed under the Special Provisions of the agency concerned and the rules and regulations as may be prescribed. The Revolving Fund shall be considered self-perpetuating and self-liquidating and all obligations or expenditures incurred by virtue of said activities shall be charged to the Revolving Fund: Provided, That all interest earned shall accrue to and form part of the Revolving Fund to be used for the same purpose for which the fund is authorized.

The Agency concerned shall submit to the Ministry of the Budget a monthly report of the income from this Fund and a quarterly report of expenditure. In case of failure to submit said requirements, the Commission on Audit, upon recommendation of the Minister of the Budget, shall suspend transaction on this account until such time that said requirements shall have been satisfied.

SEC. 4. Trust Receipts.—Receipts from non-tax sources authorized by law for specific purposes which are collected/received by a government office or agency acting as a trustee, agent or administrator, or which have been re-ceived as guaranty for the fulfillment of an obligation, and all ether collections classified by law or regulations as trust receipts, shall be treated as a trust liability of the agency concerned and deposited in an authorized government depository bank or in the National Treasury, as provided in the Special Provisions of the agency concerned or as determined by regulations: Provided, That deposits in authorized government depository banks shall be withdrawable on the joint signatures of the authorized representatives of the agency and the Commission on Audit without the need of special budget or the issuance of a Cash Disbursement Ceiling: Provided, further, That if the amount is deposited in a savings account, the interest shall accrue to the General Fund which shall be remitted to the National Treasury at the end of each, quarter.

SEC. 5. Special Account in the General Fund.—Income of agencies derived from collections earmarked by law for specific purposes shall be remitted to the National Treasury to the credit of the remitting office or agency and classified or treated as a Special Account in the General Fund to be used for the purposes authorized by law, Subject to the conditions prescribed by the Special Provisions in this Act and to SEC. 40 of P.D. 1177. These shall include, but not limited, to, those income and collections enumerated in Section 1, Paragraphs (a) to (i) of P.D. No. 1234, and tuition fees and other income of state colleges and universities under SEC. 3 (h) of P.D. No. 1437.

SEC. 6. Seminar Fees.—Ministries, bureaus, offices or agencies which conduct training programs approved jointly by the Ministry of the Budget and the Civil Service Commission are authorized 'to collect seminar and conference fees from government and private agency participants, the rates of which shall be determined in accordance with Letter of Instructions No. 565. The proceeds derived from such seminars or conferences may be deposited in an authorized government depository bank as a trust liability and shall be made available for expenditure without the need for a Cash Disbursement Ceiling, to defray the costs incurred for handouts, meals and other incidental expenses, including speakers' honoraria at rates prescribed pursuant to P.D. No. 985, but not for entertainment or representation expenses, withdrawable on the joint signatures of the authorized representatives of the agency concerned and the Commission on Audit: Provided, That if the income is deposited in a savings or time deposit account, the interest thereon shall accrue to the General Fund and shall be remitted to the National Treasury at the end of each quarter: Provided, further, That no appropriations authorized in this Act shall be used to support or augment expenses of seminars or conferences for which fees are collected: and Provided, finally, That any income remaining in the bank account at the end of the fiscal year shall be withdrawn and deposited with the National Treasury as income of the General Fund. The Ministry of the Budget and the Commission on Audit shall promulgate the necessary rules and regulations to implement this provision.

Ministries, bureaus, offices or agencies concerned shall submit to the Ministry of the Budget a monthly report of collections and deposits and quarterly report of expenditures and financial status of its training operations, and in

case of failure to submit said requirements, the Commission on Audit, upon recommendation of the Minister of the Budget, shall suspend withdrawals from the funds deposited until such time when said requirements are complied with.

SEC. 7. Sale of Products.—Ministries, bureaus, offices or agencies are authorized to sell products of agricultural, industrial or other projects, including official publications, and the proceeds derived therefrom shall be deposited with the National Treasury and accrue to the General Fund, pursuant to P.D. No. 711, unless otherwise provided by law or by Special Provision in this Act.

SEC. 8. Donations.—Ministries, bureaus, offices or agencies are authorized to accept donations, contributions grants, bequests or gifts, in cash or in kind. Cash proceeds shall be deposited with the National Treasury as a Special Account in the General Fund and shall be used or expended only in accordance with the wishes of, and purposes specified by the benefactor or donor, subject to Section 40 of P.D. No. 1177. Contributions or gifts in kind intended for beneficiaries, which are perishable in nature that would require storage or distribution expenditures of more than forty per cent of their current market value may be sold at public auction and the proceeds derived therefrom shall be deposited in like manner as if they were in cash, and shall be used or expended for the same purpose, subject to the conditions imposed by the donor. All such receipts, including equipment and other fixed assets, shall be recorded in the books of government and subject to pertinent accounting and auditing rules and regulations.

SEC. 9. Issuance of Official Receipts.—Ministries, bureaus, offices or agencies, state universities and colleges, hospitals and health centers, including government-owned or controlled corporations, shall acknowledge payments of all incomes accruing to the Government, such as fees, charges, receipts and revenues collected, including cash donations and deposits, by issuing official receipts of the Government of the Republic of the Philippines, and in no case shall temporary receipts be used as substitutes therefore. Any official or employee who receives payment in cash without issuing the officially prescribed receipt of the Government shall be liable for the proper offense under the Civil Service laws and the Revised Penal Code.

SEC. 10. Performance Bonds and Deposits.—Performance bonds and deposits filed or posted by private persons or entities with agencies of the government shall be deposited with an authorized government depository bank in the name of the agency, as trust liabilities of the agency concerned. Upon faithful performance of the undertaking or termination of the obligation for which the bond or deposit was required, any amount due shall be returned to the filing party and the office or agency concerned, withdrawable on the joint signatures of the authorized representatives of the agency and the Commission on Audit without the need for Cash Disbursement Ceiling: Provided, That any interest accruing on deposit accounts and any forfeited amounts shall be recorded as income of the General Fund and shall be remitted to the National Treasury at the end of each quarter. This provision shall apply to bonds posted in cash, such as bidder's bond, guaranty bonds, bail bonds, judicial deposits for the benefit of clients, cash under litigation deposited in court or quasi-judicial bodies and other refundable deposits, and judicial bonds, and all bonds and deposits required by laws, rules or regulations to be posted to insure the faithful performance of an activity or undertaking.

SEC. 11. Compulsory Savings.—All Ministries, bureaus, offices or agencies, including state universities and colleges, shall institute a cost reduction program for the purpose of reducing cost of operations. For this purpose, all agencies of government are enjoined to adopt internal economy measures so as to ensure maximum service with minimum government resources. The Heads of Ministry shall submit a report to the President (Prime Minister), covering agencies within their jurisdiction identifying the economy measures adopted and the activities that may be postponed or eliminated. The Ministry of the Budget shall provide technical and other necessary assistance.

SEC. 12. Use of Savings.—The President (Prime Minister) of the Philippines is authorized to use savings in the appropriations for the Ministries provided in this Act for the settlement of the following obligations incurred during the budget year:

- a. Energy research, exploration, development, and implementation activities, including geothermal, dendrothermal, mini- and micro-hydroelectric, and alcogas projects ;
- b. Food production activities, including irrigation, fertilizer subsidies, and seed funds for special financing programs;
- Payment of hazard duty pay and of retirement gratuity or separation pay of employees who are entitled thereto under existing law or are laid off as a result of the elimination of their positions under authorized procedures;
- Payment of the share of the National Government in the salaries of officials and employees in newly created and/or reclassified local government units where no appropriation has been provided in this Act or where the authorized appropriation is not sufficient to cover the salaries of the said officials and employees;
- Provision for social and economic opportunities and such other activities intended for the welfare of the cultural minorities as may be undertaken by the Presidential Assistant on National Minorities;
- Rural improvement and community development projects, such as farm-to-market roads, artesian wells, spring development, river and flood control, sea walls, schoolhouses, bridges, environmental sanitation and health projects to promote the economic well-being of the rural areas, including support for the solution of agricultural, health, land and agrarian problems;
- Urban improvement and development of sites and services, with emphasis on food, shelter and water and other basic human needs consistent with the BLISS concept;
- Organization, activation, training and operation of military units for the purpose of implementing agency development projects in areas adversely affected by peace and order problems, including salaries and allowances of all military personnel assigned thereto;
- Payment of obligations of the National Government or any of its Ministries or agencies arising from perfected and valid contracts or international agreements ;
- Payment to the Government Service Insurance System of annual life insurance premiums of barangay officials as authorized by law;
- Purchase or repair of equipment and furniture, including motor vehicles, to replace those lost or destroyed through theft or robbery, accident, fire, typhoon and other natural calamities, and to replace unserviceable and condemned items;
- Expansion of essential facilities and services, including the opening of additional classes in elementary, secondary and vocational schools, as may be approved by the President (Prime Minister);
- Funding of foreign exchange and peso requirements of foreign-assisted projects; and
- Implementation of the provisions of Proclamation No. 1081, dated September 21, 1972.

SEC. 13. Conditions for Reprogramming of Savings in Appropriations.—Any provision in this Act to the contrary notwithstanding, the authority granted in the special budgetary provisions of the different Ministries, bureaus, offices or agencies under the Executive Branch to utilize, by way of transfer, savings in appropriations to augment other items of appropriation in the same Ministry, bureau, office or agency, shall in all cases be subject to the

approval of, or upon authority by, the President (Prime Minister), pursuant to Section 45, P. D. No. 1177 and Letter of Implementation No. 29 and effected through Special Budgets pursuant to Section 40 of P.D. 1177.

SEC. 14. Transfer of Salary Savings Prohibited.—The provisions of Section 7(c) of C.A. No. 186, as amended, to the contrary notwithstanding, no savings from personal services shall be transferred to the Government Service Insurance System for payment of benefits.

Authorized Expenditures

SEC. 15. Key Budgetary Inclusions.—The Key Budgetary Inclusions (KB1) of Ministries, bureaus, offices or agencies shall be released and used only for the indicated purposes and conditions, except as may be otherwise ap-proved by the President (Prime Minister), pursuant to P.D. No. 1177: Provided, That the amounts herein appropriated and funded from loan proceeds or donations shall be released only to the extent of actual loan availments or receipts, as the case may be, and shall not be used for any purpose other than that specified in the loan agreement or in the deed of donation.

SEC. 16. Expenditure Components.—No change or modification shall be made in the definition of items and objects of expenditure referred to in the General Appropriations Act and other Appropriation Laws or Executive issuances except by act of the Batasang Pambansa or of the President (Prime Minister), as the case may be, upon recommendation of the Chairman, Commission on Audit and the Minister of the Budget.

SEC. 17. Expenditures and Disbursements of Special Funds or Income.—Except as otherwise provided in this Act, the special fund and/or special income of any Ministry, bureau, office or agency which are automatically appropriated shall be disbursed or released only to the extent of the amount actually available in the National Treasury from the sources concerned except as may be approved by the President (Prime Minister) upon recommendation of the Minister of the Budget, in cases where an expenditure or disbursement is required by the exigency of the service and sufficient receipts are expected to accrue to such funds later in the fiscal year to cover said expenditure or disbursement, in which case the necessary amount may be advanced from the General Fund.

SEC. 18. Proceeds from Economic Assistance.—Proceeds from the Economic Support Fund constituted pursuant to the Military Bases Agreement shall be a Special Account in the General Fund and except as otherwise provided in this Act shall be made available to finance the Bagong Lipunan Improvement of Sites and Services (BLISS) Program, school building program, and for other priority projects as may be determined by the Management Advisory Committee created under LOI No. 1030, and approved by the President (Prime Minister), subject to Section 40 of P.D. No. 1177.

SEC. 19. Cash Advances for Foreign-Assisted Projects. —Any provision of law to the contrary notwithstanding, cash advances may be authorized to meet the expenditure requirements of foreign-assisted projects in cases where the approved project/loan agreement provides specifically for a reimbursement mechanism for expenses incurred, subject to the approval of the Minister of the Budget and to applicable accounting and auditing regulations.

SEC. 20. Foreign Military Purchases and Other Importations.—Purchases under foreign military sales agreements, heavy equipment imports for infrastructure projects and other importations of agencies which are financed by foreign borrowings or by Central Bank consolidated borrowing programs shall be subject to the requirement of certification to the availability of appropriations released for the purpose, to the requirements of LOI No. 880 and to applicable rules and regulations.

SEC. 21. Foreign Exchange Requirements.—Except as otherwise provided in this Act, the appropriations for Ministries, bureaus, offices or agencies allotted for maintenance and other operating expenses may be used for foreign exchange requirements of duly approved activities.

SEC. 22. Dues to International Organizations.—Except as otherwise provided in this Act, specific appropriations covered by key budgetary inclusions and allotted for maintenance and other operating expenses may be used for payment of dues to international organizations, in which membership is duly approved by competent authority.

SEC. 23. Legal Assistance.—With the approval of the President (Prime Minister) and upon recommendation of the Minister of Justice and the Presidential Commission on Reorganization, the funds herein appropriated for legal assistance activities, including those in the Ministry of Justice, Ministry of Labor and Employment, Ministry of Agrarian Reform, Ministry of Agriculture, the assistance to the Integrated Bar of the Philippines provided in the Judiciary and ether agencies, may be realigned so as to ensure a fully integrated legal assistance program.

SEC. 24. Seminar Expenses.—Ministries, bureaus, offices or agencies are authorized to conduct seminars, workshops, conferences and in-service training courses for their respective staff members, including employees of other government agencies and the private sector. The expenses incurred shall be chargeable to the appropriations of their respective offices or to the proceeds from fees collected under Section 6 hereof. Per diems and allowances of employees attending such courses may be withheld to the extent of the amount paid by the agency for board, lodging and/or transportation from its appropriations.

SEC. 25. Purchase of Locally Manufactured Products.— All appropriations for the purchase of equipment, supplies and materials authorized in this Act shall be available preferably for locally manufactured equipment, parts, accessories, medicines and drugs, supplies and materials, except when none is available in the market or when the price of the locally manufactured article exceeds those prescribed and/or authorized under the Flag Law.

SEC. 26. Purchase of Computer Equipment.—The appropriations authorized in this Act for the purchase of computer equipment shall be released only with the approval of the President (Prime Minister) upon recommendation of the National Computer Center.

SEC. 27. Purchase of Motor Transport Equipment.—No appropriations for equipment authorized in this Act shall be used directly or indirectly for the purchase of motor transport equipment unless otherwise specifically authorized by the President (Prime Minister) upon recommendation of the Minister of the Budget as provided by Letter of Implementation No. 29.

SEC. 28. Limitation on Purchase of Supplies, Materials and Equipment Spare Parts.—The stock on hand of supplies, materials and equipment spare parts, to be acquired through ordinary purchase out of appropriations herein provided, shall at no time exceed normal three-month requirements, subject to pertinent rules and regulations issued by competent authority: Provided, That heads of Ministries, bureaus, offices or agencies or other instrumentalities of the government may approve the build-up of stocks on hand of critical supplies and materials in anticipation of cost increases, of requirements of a national emergency, or of an impending shortage in the items concerned, specifying maximum quantities of individual items, but in no case shall these stocks exceed more than one year's need, unless otherwise approved by the President (Prime Minister), upon the joint recommendation of the Minister concerned and the Chairman of the Commission on Audit.

SEC. 29. Emergency Purchases.—Unless otherwise provided in this Act, Ministries, bureaus, offices or agencies of the National Government are authorized to make emergency purchases of supplies, materials and spare parts of equipment that are urgently needed to meet an emergency which may involve the loss of, or danger to, life and/or property or are to be used in connection with a project or activity which cannot be delayed without causing detriment to the public service, in a monthly amount not exceeding four per centum of the annual agency expenditure program for supplies and materials out of the appropriations allotted for maintenance and other operating expenses of the agency concerned, except as may be authorized by the President (Prime Minister), upon the joint recommendation of the Minister of the Budget and the Chairman, Commission on Audit.

SEC. 30. Repair of Buildings.—Ministries, bureaus, offices or agencies, including public schools, courts of justice and hospitals are authorized to use their appropriations allotted for maintenance and other operating expenses for minor repairs of their offices and buildings which are government-owned.

SEC. 31. Cultural and Athletic Activities.—Except as otherwise provided in this Act, appropriations allotted for maintenance and other operating expenses not exceeding P15,000 per annum for each non-regionalized bureau, office or agency, or P30,000 for each regionalized bureau, office or agency, may be used for cultural and athletic activities, including purchase of uniforms at not more than P250 for each participant, and for supplies and necessary expenses for said activities, subject to Section 40, P.D. No. 1177. The amounts fixed in this Section constitute the allowable maximum to be expended by any bureau, office or agency for its cultural and athletic activities, except as otherwise approved by the President (Prime Minister): Provided, That these amounts may be pooled by the Minister concerned into one fund, programmed and controlled to best serve the needs of all the offices, bureaus and agencies therein.

SEC. 32. Extraordinary and Miscellaneous Expenses.— Except as otherwise provided in this Act, appropriations herein authorized may be used for extraordinary expenses not exceeding: (a) P30,000 for each Minister or equivalent; (b) P10,000 for each Deputy Minister or equivalent; (c) P4,000 for each Assistant Secretary, Director or head of bureau, office, or central organization of equal rank; (d) P3,000 for each Ministry Regional Director; and (e) P2,000 for each Bureau Regional Director. Each bureau, office or central organization of equal rank is also authorized to use for official entertainment and other miscellaneous expenses an amount not exceeding P6,000 per annum. These expenditures shall be payable on reimbursement basis upon presentation of receipts and chargeable to appropriations allotted for maintenance and other operating expenses of the corresponding office.

For purposes of this Section, extraordinary and miscellaneous expenses shall include, but not limited to, expenses incurred for or during meetings, seminars and conferences, official entertainment, public relations, educational, athletic and cultural activities, contributions to civic or charitable institutions, membership fees in government associations, subscription to professional technical journals and informative magazines, library books and materials, office equipment and supplies and other similar expenses that are not supported by the regular budget allocation: Provided, That no portion of the amounts authorized herein shall be used for the creation of positions, nor for salaries, wages, allowances, intelligence and confidential expenses.

SEC. 33. Intelligence and Confidential Funds.—Intelligence and confidential funds provided for in the budgets of agencies of the National Government, including amounts from savings authorized by special provisions to be used for intelligence and counter-intelligence activities, shall be released only with the approval of the President (Prime Minister).

SEC. 34. Information Outlay.—The appropriations pertaining to information activities of the various Ministries, bureaus, offices or agencies shall be released upon presentation of an appropriate program of activities prepared in coordination with the Ministry of Public Information.

SEC. 35. Use of Excess Income.—Except when otherwise expressly authorized in the Special Provisions in this Act, no Ministry, commission, office, bureau, agency, body or any instrumentality of the government authorized to use its income in excess of the approved estimated income shall use the same for the creation of positions nor for the payment of salaries, wages, honoraria, allowances, foreign travel, seminar, cultural or athletic, entertainment, representation, confidential, intelligence, extraordinary or miscellaneous expenses, nor for the purchase of vehicles.

Contracts

SEC. 36. Funding of Contracts.—Notwithstanding the availability of deferred payment terms, Ministries, bureaus, offices or agencies concerned, before entering into a contract involving the expenditure of public funds, including contracts for services or consultancy, contracts of lease, equipment rental, construction of partitions or improvements in a leased building, or contracts involving an increase in the approved contract price shall secure a certification of availability of funds for the purpose from the agency Chief Accountant, subject to applicable rules and regulations as may be issued by the Ministry of the Budget and to Section 64, P.D. No. 1177: Provided, That the certification of availability of funds sufficient to cover the cost of the contracted activities shall be contained in and made part of the contract duly signed by the Chief Accountant of the contracting agency, as provided for by LOI No. 968.

SEC. 37. Loan Agreements.—Ministries, bureaus, offices or agencies shall in no case enter into foreign or domestic loan agreements, whether in cash or in kind, unless the whole amount of the loan component is covered by the programmed appropriations, pursuant to LOI No. 880.

SEC. 38. Contracts for Security and Janitorial Services. —Ministries, bureaus, offices or agencies are authorized to contract for security and janitorial services with private firms after public bidding. The cost thereof may be paid from savings in the appropriations of the Ministry, bureau, office or agency concerned. The execution of the contract for security and janitorial services shall not operate to automatically render vacant any existing occupied security or janitorial position in the contracting office or agency: Provided, however, That upon said security or janitorial position becoming subsequently vacant, said position shall be considered automatically abolished.

SEC. 39. Future Payment of Contractual Obligations.— Ministries, bureaus, offices or agencies, before entering into contracts for delivery of goods or services against future payment, shall first secure a certification of the availability of the full contracted amount for such goods or services out of the agency's appropriations. No work shall be undertaken without such certification of fund availability.

SEC. 40. Conditions for Lease-Purchase Agreement— Ministries, bureaus, offices or agencies may enter into agreements or contracts for lease-purchase of equipment subject to the approval of the Ministry of the Budget and to the pertinent accounting and auditing regulations. The details of payment shall be indicated in the lease-purchase agreement and accompanied with certification of availability of funds to cover the full contract cost: Provided, That lease-purchase agreements may be entered into only for specialized equipment with high unit costs and not for such equipment as typewriters, adding machines, automobiles, motorcycles: and Provided, further, That all lease-purchase agreements of equipment with a total value in excess of P100,000 shall be subject to the approval of the President (Prime Minister).

Personal Services and Benefits

SEC. 41. Funding of Personnel Benefits. — The personnel benefits costs of government officials and employees shall be charged against the respective funds from which their compensation and/or salaries are paid.

All authorized supplementary/additional compensation, fringe benefits and other personal services costs of officials and employees whose salaries are drawn from special accounts or special funds, such as salary increases and adjustments, merit increases, incentive/service fees, vacation and sick leaves, retirement and life insurance premiums, compensation insurance premiums, health insurance (Medicare) premiums, Pag-I.B.I.G. contributions, hospitalization and medical benefits, scholarship and educational benefits, training and seminar expenses, all kinds of allowances, whether commutable or reimbursable, in cash or in kind, and other personnel benefits and privileges authorized by law, including the payment of retirement gratuities, separation pay and terminal leave benefits shall be charged against the corresponding fund from which their basic salaries are drawn, and in no case shall such personnel benefits costs be charged against the General Fund of the National Government.

Officials and employees on detail with other offices, including the representatives and support personnel of auditing units assigned to serve other offices or agencies, shall be paid their salaries, emoluments, allowances and the foregoing supplemental compensation, fringe benefits and other personal services costs from the appropriations of their parent agencies and in no case shall such be charged against the appropriations of the agencies where they are assigned or detailed, except when authorized by law.

SEC. 42. Transportation and Representation Allowances. —The following officials and those of equivalent rank as may be determined by the Ministry of the Budget are hereby granted monthly commutable transportation and representation allowances payable, from the programmed appropriations provided for their respective offices, not exceeding the rates indicated below, which shall apply to each type of allowance:

- At P750 for Ministers;
- At P650 for Career Executive Service Rank I officials;
- At P550 for Career Executive Service Rank II officials ;
- At P450 for Career Executive Service Rank III officials ;
- At P375 for Career Executive Service Rank IV officials ;
- At P300 for Career Executive Service Rank V officials; and
- At P225 for Chiefs of Divisions, identified as such in the Personal Services Itemization.

The transportation allowance herein authorized shall not be granted to officials who are assigned a government vehicle or use government motor transportation, except as may be approved by the President (Prime Minister). Unless otherwise provided by law, no amount appropriated in this Act shall be used to pay for representation and/or transportation allowances, whether commutable or reimbursable, which exceed the rates authorized under this Section. Previous administrative authorizations not consistent with the rates and conditions herein specified shall no longer be valid and payment shall not be allowed.

Allowances of those officials who are receiving salaries from special accounts or special funds shall be charged against the corresponding fund from which their salaries are charged. Officials on detail with other offices, including officials of the Commission on Audit assigned to serve other offices or agencies, shall be paid the allowance herein authorized from the appropriations of their parent agencies.

SEC. 43. Official Vehicles and Transport.—Government motor transportation may be used by the following officials, and those who may be specifically authorized by the President (Prime Minister), with costs chargeable to the appropriations authorized for their respective offices:

- The President (Prime Minister) of the Philippines;
- The Speaker of the Batasang Pambansa;
- The Chief Justice of the Supreme Court;
- The Deputy Prime Minister;
- The Ministers, Deputy Ministers and officials of equivalent rank;
- The Ministers of State, and Political Deputy Ministers;
- Presiding Justice of the Court of Appeals;

- The Ambassadors, Ministers Plenipotentiary and Consuls in charge of Consulates, in their respective stations abroad;
- The Chief of Staff, the Vice Chief of Staff, and the Commanding Generals of the major services of the Armed Forces of the Philippines; and
- The Heads of Constitutional Offices.

SEC. 44. Uniform/Clothing Allowance.—Except as otherwise provided in this Act, or as may be authorized by the President (Prime Minister), appropriations for each Ministry, bureau or office at such sums as may be necessary, may be used for uniform and/or clothing allowance of female employees at not more than P250 each per annum. Savings in the appropriations for each Ministry, bureau or office may be used for this purpose where no amount is specifically appropriated in this Act.

The allowance herein authorized may be granted in cash or in kind as may be determined by the Head of Office in consultation with the staff members concerned, except as provided under LOI No. 998, dated March 13, 1980. The cut, color and style of the uniform shall be prescribed by the Minister for each office or group of employees in consultation with the staff members concerned.

Employees occupying positions which require the wearing of specialized uniform, such as security guards, prison guards, customs police, quarantine officers, road maintenance men, street sweepers, hospital attendants and other employees as may be determined by the Minister of the Budget shall also be entitled to uniform allowance, subject to the availability of agency funds.

SEC. 45. Hazardous Duty Pay.—The Minister of the Budget and the Minister of National Defense shall review from time to time authorizations for the payment of hazardous duty pay and shall terminate authorizations earlier issued if conditions no longer justify the continuation of hazardous duty pay. The rates of hazardous duty pay in strife-torn and/or embattled areas shall be based on the following classification: (a) Hazardous Area. Site of armed encounters between government troops and enemy forces and/or enemy-initiated attacks, raids or ambushes. It is also an area where enemy concentration/training camps are reported; and (b) Less Hazardous Area. Area where insurgent/rebel activities are mainly non-violent such as agitation/propaganda, recruitment and expansion and to a limited extent, harassment and forced solicitation of material/financial support from civilians.

SEC. 46. Honoraria.—Ministries, bureaus, offices or agencies are authorized to pay from their respective appropriations, honoraria for services rendered, to researchers, experts and specialists who are acknowledged authorities in their fields of specialization, at such rates as the Minister of the Budget may authorize, unless otherwise specifically provided by law.

SEC. 47. Incentive or Service Fees.—Incentive or service fees paid by the Government Service Insurance System or by private companies which are intended for employees servicing them shall be deposited with the National Treasury and shall accrue to the General Fund, pursuant to P.D. No. 711. Such fees shall be made available for payment of incentive or service fees of the employees of the agency in accordance with rates approved by the Minister concerned, subject to Section 40 of P.D. No. 1177: Provided, That the share of any employee may not, in the aggregate, exceed fifty per centum of his annual salary.

SEC. 48. Special Counsel Allowance.—Lawyer-personnel in the legal staffs of Ministries, bureaus, offices or agencies of the National Government appearing in Court as special counsel in collaboration with the Solicitor-General and/or Fiscals concerned are hereby authorized an allowance of P100 for each appearance, chargeable to savings in the appropriations allotted for personal services of their respective offices, but not exceeding P400 a month.

SEC. 49. Per Diems Abroad.—No per diem in excess of fifty U.S. dollars shall be paid to any official or employee traveling outside of the Philippines, except as may be approved under Section 79, P.D. No. 1177.

SEC. 50. Conditions for Entitlement to Quarters Allowance.—Except as may be authorized by law, government officials and employees who, by virtue of their positions, are furnished free quarters or are charged only a nominal rate in government-owned buildings, such as dormitories or living quarters in hospitals, state colleges, universities and schools, foreign posts and elsewhere, shall forfeit entitlement to any quarters allowance. Where rented private buildings are utilized for an official's quarters, the excess of rental cost over the quarters allowance of the official shall be borne by him. Those who enjoy free quarters in government-owned or rented buildings but who are not entitled to quarters privilege shall be charged the corresponding cost of rentals therefor. Unless fixed by law or regulations, the rate of quarters allowance or rental, as the case may be, shall be determined by the Minister of the Budget.

SEC. 51. Compensation of Contractual Personnel.— Heads of Ministries, bureaus, offices or agencies, when authorized in their respective appropriations as herein provided under this Act, may hire consultants, experts and other contractual personnel to perform specific vital activities or services which cannot be provided by the regular staff of the agency, limited to such period when their services are reasonably required and to activities that shall have a definite expected output. Such contractual personnel may be paid compensation, inclusive of fees, honoraria, per diems and allowances not exceeding 120 % of the minimum salary of an equivalent position in the National Classification and Compensation Plan, except as may be authorized by the Minister of the Budget in the following instances: (a) when the consultant or expert is an acknowledged authority in his field of specialization; and (b) where the consultant or expert is hired to perform a specific activity or service that requires technical skill and expertise which local force cannot provide, or if such expertise is available, the supply is limited: Provided, That in no case shall such compensation exceed the salary of his immediate superior, except as may be otherwise approved jointly by the Chairman of the Civil Service Commission and the Minister of the Budget: Provided, further, That no amount appropriated in this Act shall be used for payment of retirement gratuity under Section 12 (c) of C.A. No. 186, as inserted by R.A. No. 1616, as amended, and of all leave benefits which include services rendered under contractual employment and use the compensation received for the same period as basis for computation thereof, any provision of law to the contrary notwithstanding.

For purposes of this Section, appointments to positions funded from lump-sum appropriations for personal services for the payment of consultants, technical, professional and expert services, confidential assistants or other similar positions, or from capital outlays, feasibility studies fund, subsidies, donations, special projects fund, either funded by the General Fund and/or supported by domestic or foreign loans, and other similar funds which may be used for personal services, are considered contractual in nature. Appointments which are funded from special lump-sum appropriations, subsidies and contributions from other agencies, shall likewise be considered as contractual in nature, except as may be determined by the Minister of the Budget.

SEC. 52. Restrictions on the Use of Appropriations for Retirement Gratuity and Terminal Leave.—Unless otherwise authorized by law, no amount appropriated in this Act shall be used for payment of retirement gratuity under the provisions of SEC. 12 (c) of C.A. No. 186, as inserted by R.A. No. 1616, as amended, and terminal leave benefits of retiring officials and employees which include in the computation thereof additional compensation received for: (a) overtime services rendered beyond regular office or school hours; (b) per diems for attendance in board or committee meetings or conferences or for travel outside official stations; (c) mid-year, Christmas, thirteenth month and other bonuses; (d) allowances for cost of living, subsistence, quarters, housing, laundry, clothing/uniform, family, education, hazardous occupation, overseas duty, post/station, medical/dental/hospitalization, reimbursable representation, transportation, extraordinary and miscellaneous,

amelioration, inflation, incentive, and such other similar allowances; (e) fees on per capita basis as members/examiners of professional regulation and other examination boards; (f) honoraria as resource speaker or lecturer in conferences or seminars or as instructors in classrooms for excess teaching loads granted over basic pay rendered at night or on Saturdays, holidays and summer vacation; (g) fees for consultancy or similar services rendered to committees, boards, offices or agencies; and (h) service fees for extra services and other similar compensation paid for rendition of additional services.

The payment of retirement gratuity and terminal leave benefits chargeable to the appropriation authorized in this Act shall be computed on the basis of the highest basic salary actually received by the retiring official or employee and where authorized by law, the authorized commutable allowances granted by law or in this Act which he was receiving prior to his retirement, any provision of law to the contrary notwithstanding.

SEC. 53. Unauthorized Pre-Retirement Promotions and Salary Increases.—No portion of the appropriations provided in this Act shall be used for automatic promotions or for salary increases and adjustments granted to retiring officials and employees, which are not authorized by law and duly formalized in the form of a National Compensation Circular.

SEC. 54. Personal Liability of Officials for Illegal Expenditures.—No official or employee of any Ministry, bureau, office, agency, commission, board, state university or college, of the National Government, including those of government-owned or controlled corporations, shall be granted and/or paid any unauthorized compensation, either basic, additional or supplementary, or fringe benefits and allowances of any kind, including payment of retirement benefits and terminal leaves computed in violation of the General Provisions in this Act or other existing laws, which are chargeable against the appropriations authorized in this Act or under other appropriation laws or from other incomes of the Government.

The payment of any unauthorized compensation, allowance, fringe benefit or personal services costs made in violation of this Section or of the General Provisions in this Act is null and void and is the personal liability of the head of the office or agency who authorized such payment, the Resident Auditor, other officials and employees who participated or took part therein, and the person who received such payments, who shall be jointly and severally liable for the refund of the full amount so paid and received, in addition to any disciplinary action that may be instituted against such erring officials under the provisions of Sections 49 and 87 of P.D. No. 1177 and to any criminal action under the Revised Penal Code and other penal laws.

State Universities and Colleges

SEC. 55. Appropriations for Branches of State Universities and Colleges.—The appropriations specified for the branches and units of State Universities and Colleges shall be directly released to the respective branches or units without the imposition of any reduction by the Main Campus of the institution but subject to budgetary reserves or re-allocations authorized by P.D. 1177 and imposed by the Ministry of the Budget and without prejudice to the augmentation of the shares of such branches or units from funds otherwise appropriated for the Main Campus.

SEC. 56. Internal Operating Budget.—Before the beginning of the budget year, the President of each state university and college shall submit for confirmation to the President (Prime Minister) through the Minister of the Budget the internal operating budget of the institution as approved by its Board of Trustees/Regents, observing such rules and regulations and format as may be determined by the Minister of the Budget: Provided, That the said budget shall indicate the amounts intended for each unit of the university or college, classified as to itemized personal services, lump-sum personal services expenditures, maintenance and operating expenditures, equipment and capital outlays: Provided, further, That the internal operating budget shall indicate for each unit, the amount financed from the General Fund (proper) and the institution's Special Account in the General Fund: and Provided,

finally, That in no case shall the total amount of the internal operating budget of the institution exceed the appropriations authorized in this Act plus the automatic appropriations for fixed expenditures. Supplemental budgets may later be approved, funded from actually earned excess income.

SEC. 57. Income of State Universities and Colleges.— Income of State Universities and Colleges derived from tuition fees, school charges and other sources as may be imposed by Governing Boards, other than those accruing to Revolving Funds created under LOI Nos. 872 and 1026 and those authorized to be recorded as Trust Receipts pursuant to P.D. No. 1177, shall be deposited with the National Treasury and recorded as a special account of the General Fund pursuant to P.D. No. 1234, for the use of the institution, subject to SEC. 40, P.D. No. 1177: Provided, That disbursements from the special account shall not exceed the amount actually earned and deposited: Provided, further, That a cash advance on such income may be allowed State Universities and Colleges representing up to one-half of income actually realized during the preceding year and this cash advance shall be liquidated from income actually earned during the budget year: and Provided, finally, That in no case shall such funds be used to create positions, nor for payment of salaries, wages or allowances, except as may be specifically approved by the Ministry of the Budget for income-producing activities or to purchase motor vehicles, equipment or books, without the prior approval of the President (Prime Minister), pursuant to Letter of Implementation No. 29.

All collections of the State Universities and Colleges for fees, charges and receipts intended for private recipient units, including private foundations affiliated with these institutions, shall be duly acknowledged with official receipts and deposited as a Trust Receipt before said income may be transferred or allocated to the beneficiaries. Availment of such income shall be subject to SEC. 40 of P.D. No. 1177.

SEC. 58. Establishment of New Branches.— State Universities and Colleges may establish branches of units in localities or absorb other national schools in the area other than those already funded with the appropriations herein authorized, only with the approval of the President (Prime Minister) upon recommendation of the Standing Committee of the Cabinet.

SEC. 59. New Degree Programs of State Universities and Colleges.—State Universities and Colleges may offer degree programs which have not been included in the current year's authorized program of expenditure and the operational expenses of which are chargeable to non-recurring savings only upon the prior approval of the President (Prime Minister) upon recommendation of the Standing Committee of the Cabinet.

SEC. 60. Non-Formal Education Appropriations.—The Minister of Education and Culture shall determine the non-formal education component of the appropriations herein provided for state universities and colleges and the amounts identified as such shall be released by the Minister of the Budget only upon the approval of the annual program covering such non-formal education activities by the Ministry of Education and Culture.

SEC. 61. EDPITAF Educational Development Project Funds.—The appropriations of loan proceeds, counterpart funds and operating expenses provided in the appropriations of state universities and colleges and other project institutions and agencies for educational development projects classified, authorized and funded under P.D. No. 6-A, and being implemented through EDPITAF shall be released by the Ministry of the Budget upon recommendation of EDPITAF, subject to Section 40 of P.D. No. 1177 and to the terms and conditions provided for in the loan agreements and Memorandum of Agreement entered into by and between EDPITAF and the project institutions concerned.

SEC. 62. Construction and/or Repair of Buildings and Equipment.— State Universities and Colleges are authorized to utilize the services of their students, during regular vocational class period, in the construction and/or repair of public or government-owned buildings and equipment as part of their vocational training.

Local Government Units

SEC. 63. Sharing of National Revenues.—Any provision of law to the contrary notwithstanding, the computation of appropriations herein authorized for local government revenue sharing established under P.D. Nos. 144 and 436 (as amended) shall be based on revenue excluding income recorded but charged to the General Fund Adjustments and Customs Duties Fund provided in this Act assessed on otherwise tax-exempt government agencies and corporations. Compliance with the sharing formula as provided by law shall be determined taking into account all funds allocated and released for local government units, except for the budgetary aid fund herein appropriated pursuant to SEC. 7 of P.D. No. 144.

Administrative Procedures

SEC. 64. Review of Training Programs.—Ministries, bureaus, offices or agencies shall formulate and review their training programs in the light of the need to train personnel in skills and attitudes. Such training programs shall be submitted to the Training Coordination Committee created under LOI No. 754, which shall evaluate the training activities. No appropriation for training shall be released without such evaluation.

SEC. 65. Direct Release of Funds to Regional Offices.—Funds allotted for regional offices but included in the budgets of their central offices or which are specifically allocated for the different regions may be released directly to said regional offices when dictated by the need and urgency of regional activities, pursuant to SEC. 38 (e) of P.D. No. 1177 and without the imposition of any retention or deduction in the guise of reserves, except as may be authorized by the Minister of the Budget nor prejudice to augmentation of shares from common funds released to the Central Office. For this purpose, the Minister of the Budget shall identify by region the expenditure programs of agencies in the national government budget and shall release funds intended for them in accordance with the approved regional distribution of expenditures, specifying the region of destination.

SEC. 66. Release of Appropriations to Local Government Units.—Funds appropriated herein for local government units shall be released only after the approval of their respective budgets pursuant to the provisions of P.D. No. 1375, except as may be authorized jointly by the Ministry of Local Government and Community Development and the Ministry of the Budget.

SEC. 67. Prohibition Against Deduction/Retention of Allotment.—Fund releases from appropriations provided in this Act for any project or activity shall be transmitted intact or in full to the office or agency concerned and no retentions or deductions in the guise of reserves or overhead shall be made, except as authorized by law or upon direction of the President (Prime Minister). The Chairman, Commission on Audit shall ensure compliance with this provision to the extent that sub-allotments by Ministries and/or Central Agencies to their subordinate offices are in conformity with allocations in budgetary Advice of Allotments issued by the Ministry of the Budget.

SEC. 68. Administration and Use of Funds of Government Corporations.—Funds herein appropriated for operating expense contributions and equity investments in government-owned or controlled corporations and other public corporate bodies which are included as separate programs under the Ministry where the government corporation is attached, including those of the Office of the President (Prime Minister), shall be under the administration of the Ministry of the Budget and directly released to the recipient corporation through the Bureau of the Treasury on the basis of a Work and Financial Plan prepared and submitted by the corporation concerned, subject to SEC. 40 of P.D. No. 1177 and Letter of Implementation No. 29.

SEC. 69. Corporate Equity Investments.—The appropriations herein authorized for equity investments may be used by the National Treasurer for the payment of obligations incurred by the said corporations for the reimbursement of advances made by the National Treasury on obligations guaranteed by the Government of the Republic of the

Philippines.

SEC. 70. Submission of Financial Statements.—All government-owned or controlled corporations shall submit to the Ministry of the Budget their respective financial statements, including plans, programs, targets and other reports as may be required from time to time.

SEC. 71. Unauthorized Organizational Units.—Unless otherwise created by law or directed by the President (Prime Minister), no organizational unit in any Ministry, bureau, office or agency shall be authorized in their respective organizational structures and be funded from appropriations provided by this Act, without authority from the Presidential Commission on Reorganization and the Ministry of the Budget. Organizational units created by administrative authorizations shall be considered as ad hoc arrangements that shall be staffed by contractual personnel or staff members on detail.

SEC. 72. Construction Outlays.—In the implementation of construction projects covered by appropriations authorized in this Act under the various Ministries, bureaus, offices or agencies of the National Government, including the construction of buildings for state universities, colleges, schools, hospitals, sanatoria, health centers and health stations, roads and bridges, the appropriate standards and specifications for the planning, survey, design and construction of the projects shall be prescribed by the Ministry of Public Works, the Ministry of Transportation and Communications, or the Ministry of Public Highways, as the case may be. In addition, land use and zoning guidelines shall be prescribed by the Ministry of Human Settlements. In the prosecution of the construction projects, Sections 2, 3, 4, 5, 6, 7, 9 and 10 of Batas Pambansa Blg. 50, entitled "An Act Appropriating Funds for Public Works and High-ways Projects and for Other Purposes," shall be strictly complied with whenever applicable.

SEC. 73. Implementation of Capital Outlays.—The implementation of specific capital projects covered by capital outlays provided in this Act for the various Ministries, bureaus, offices or agencies may be effected through the Ministry of Public Works, the Ministry of Transportation and Communications, or the Ministry of Public Highways, as the case may be, with the approval of the President (Prime Minister).

Concluding Provisions

SEC. 74. Suspension Clause.—The effectivity of all laws, rules and regulations or portions thereof inconsistent with this Act, except for P.D. Nos. 711 and 1177, as amended, is hereby suspended for purposes of giving effectivity to the provisions of this Act.

SEC. 75. Separability Clause.—If for any reason any section or provision of this Act is declared unconstitutional or invalid, other sections or provisions thereof which are not affected thereby shall continue to be in full force and effect.

SEC. 76. Effectivity.—The provisions of this Act shall take effect on January one, nineteen hundred and eighty-one, unless otherwise provided herein.

Approved, September 11, 1980.

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